



**President's Report**



*Jim Vogel*

Dear WAHU Members:

It has been a very busy, productive and eventful year. So many of you have contributed in so many ways to help INSURE FREEDOM. I just want to take this moment to extend my thanks to all of you for everything you have done. Without you, the successes we have enjoyed would not have been possible.

**A LOOK BACK:** Looking back on 2001, the year began with many changes for WAHU. Following our Day on the Hill your board members worked hard to ensure a successful change in management for the Wisconsin Association of Health Underwriters. This process concluded with the hiring of Schwartz Management Group as our new association management firm, with Dan Schwartz taking on the role of our Executive Vice President and Lobbyist, and Ed Blume moving into the Executive Director role.

EVP Schwartz, President-Elect Ric Joyner, Leg. Chair Ann Blomquist, and I had the honor of bringing a large contingent of more than 18 members to Washington D. C. to meet with our congressional delegation in March. Productive

discussions were held with many of our congressman, allowing us to express employer's concerns with the Patients' Bill of Rights and revisit the role of the health tax credit in health care reform.

Spring saw the conclusion of the management transition as well as the move into the state budget session on the legislative front. Your association worked diligently to make sure that a minimum of damage was done to health care freedom during the budget process. We found ourselves in the uncommon and uncomfortable spot of opposing a small group modified community rating proposal sponsored by many Republican state legislators. This proposal could have resulted in significant premium increases for many small groups and a reduction in competition in the marketplace. Many state employer groups haven't seen the damage done by these proposals in other states. While we were successful in securing a veto from the governor on this one, this issue will come back.

Following the grueling state budget process, we worked to put together one of the largest annual conferences in our association's history. As we were ready to assemble in La Crosse to celebrate our efforts to INSURE FREEDOM, freedom hating terrorists attacked our nation, claiming the lives of thousands of Americans. While our thoughts and prayers were never far from those in need, the conference went on.

We recognized many in our organization for their efforts to INSURE FREEDOM. I want to recognize our public relations committee, whose efforts raised over \$5,000 for charity this year. Led by committee chair Scott Winkel, this effort in just its second year has done so much for the Breast Cancer Recovery Foundation, Toys for Tots, Second Harvest Food Banks and the September 11th Disaster Fund. Thanks to all the committee members who worked so hard on these efforts, and all of our generous members who have contributed so much!

I also want to recognize the 2001 winner of the Robert C. Gilray Award, JoAnne Burris.  
*Continued on page 3*

# WAHU Team 2001

## OFFICERS

---

### President

Jim Vogel  
W: 715-223-0890  
F: 715-223-8590  
hbgwi@aol.com

### President Elect

Ric Joyner  
W: 608-243-8277  
F: 608-245-9342  
rj@eflexgroup.com

### Vice-President

Jeffrey W. Klett, RHU, REBC  
W: 608-365-5551  
F: 608-365-1432  
jklett@tricornet.com

### Secretary

Jim Krogstad  
W: 608-288-2777  
F: 608-273-8873  
jimk@mmmins.com

### Treasurer

Daniel Martin  
W: 608-243-8277  
F: 608-245-9342  
dm@eflexgroup.com

### Past President

Dale Petretti  
W: 608-877-0505  
F: 608-877-0605  
DEPetretti@aol.com

## WAHU STAFF

---

### Executive Vice President

Dan Schwartzer  
dan@eWAHU.org

### Administrative Assistant

Caryl Spira  
caryl@eWAHU.org

## WAHU OFFICE

---

2810 Crossroads Drive, Suite 3000  
Madison, WI 53718  
Tel: 608-268-0200  
Fax: 608-241-7790

## WEBSITE

---

<http://www.eWAHU.org>

## BOARD MEMBERS

---

Jackie Seversen  
W: 608-754-3336  
F: 608-754-5609  
jseversen@inwave.com

Dean Hoffman  
W: 262-792-1350  
F: 262-792-1366  
dean.hoffman@trustmarkins.com

Ann Blomquist  
W: 262-879-0100.3047  
F: 262-879-876  
ann.blomquist@emergis.com

Scott Winkel  
W: 262-650-1442  
F: 262-650-3159  
winfingrp@aol.com

Leah Mott  
W: 920-499-4000  
F: 920-499-7119  
lmott@warreninsurance.com

Sue Nelson  
W: 715-836-1320  
F: 715-836-1299  
sue.nelson@cobalt-corp.com

Kathryn Beals  
W: 608-850-4164  
F: 920-739-1266  
kbeals@totalhealthlink.org

Jane Herlitz  
W: 414-641-2524  
F: 414-796-9084  
jane.herlitz@seabury.com

Fred Wilmsen  
W: 920-735-6380  
F: 920-735-6390  
fwilmsen@wpsic.com

## REGIONAL CHAPTERS

---

West/Central Chapter  
President Sue Nelson - 715-836-1320  
sue.nelson@colbalt-corp.com

Fox Valley Chapter  
President Laurie Kohls - 920-457-7333  
laurie.kohls@dfjabas.com

Madison Chapter  
President Katie Beals - 608- 850-4164  
katiebeals@home.com

Southeastern Chapter  
President Jon Rauser - 414-276-2700  
jon@therauseragency.com

# WAHU 2001 Committees

### Awards

Dale Petretti Chair

### Communication

Jane Herlitz Chair

### Corporate Sponsors

Jim Vogel Chair  
Dale Petretti  
Ric Joyner

### Education

Fred Wilmsen Chair

### Legislative

Ann Blomquist (Co-Chair)  
Jacki Seversen (Co-Chair)

### Membership

Dean Hoffman Chair

### Nominations

Jim Vogel Chair

### Programs

Rick Joyner Chair

### Public Relations

Scott Winkel Chair

### Technology

Dean Hoffman Chair

# WAHU's Calendar of Events

### December 5, 2001

Paper Valley Hotel, Appleton, WI

### December 6, 2001

Marriott Hotel, Racine, WI

### December 7, 2001

Hilton Monona Terrace, Madison, WI

### December 11, 2001

Ramada Inn, Eau Claire, WI

### February 2-5, 2002

NAHU Capitol Conference,  
Washington, DC

### February 20-21, 2002

Legislative Day, Concourse Hotel,  
Madison, WI

### June 23-26, 2002

NAHU Annual Convention and  
Exhibition, Dallas, TX

## President's Report

*Continued from page 1*

JoAnne has devoted years of service to the National Association of Health Underwriters and the Wisconsin Association of Health Underwriters. Her tireless efforts within the association and on the legislative front have been remarkable. We have all benefited from JoAnne's activities in Madison, Washington and with WAHU. Thanks, JoAnne.

**THE PRESENT:** Currently, your association is very busy on a few important matters. The fall legislative session has begun. The modified community rating proposal has been reintroduced. This bill has the potential to drive many insurers from the Wisconsin market, raise rates for many younger and healthy groups and thereby increasing the ranks of the uninsured in Wisconsin. All of our efforts will be needed to educate employers and legislators on the dangers presented by this bill. In addition, the Assembly Democrats have announced that their agenda for fall will include efforts to expand Badger Care to farmers and self-employed individuals - removing them from the private market. It needs to be recognized that when these individuals are included in Badger Care, their care will be provided at reimbursement rates set by the government, resulting in more cost shifting to the shrinking private sector market.

Within the association, we are working rapidly to develop a regional organization structure to deliver services closer to home. Regular meetings will be held around the state to allow more people to be involved without the massive time and travel commitments required in the past. CE classes will be regularly held at locations that will allow members (and their staff) to meet their CE requirements and be back in the office well before noon!

These local meetings will also allow us to focus on the state organization level where it counts - with two very important meetings for all members to attend - the annual Day on the Hill in Madison and the Annual Conference.

**GOING FORWARD:** As we move forward, we will be having meetings around the state in early December to discuss the regional structure and introduce the volunteers who have agreed to serve on the interim board. These regions will be led by our local presidents who have volunteered: Sue Nelson in Eau Claire, Katie Beals in Madison, Jon Rauser in Milwaukee and Laurie Kohls in the Fox Valley.

On the national level, the terrorists removed

the Patients' Bill of Rights temporarily from the agenda. But it will return. We must be vigilant against the efforts of the trial lawyers to try to get into our clients' pockets with a massive expansion of liability. In addition, next year will bring a new election cycle, with new districts in Wisconsin. State legislative and congressional districts will change, presenting new opportunities for all interest groups. Mark your calendar now for the NAHU Capitol Conference in Washington, D. C. - February 2-4. It comes up early, and our issues will be forefront in an election year.

Your association will be in great hands moving forward as a new board takes office. 2002 President Ric Joyner is ready to take on the challenges, assisted by President-Elect Jeff Klett, Vice President Dean Hoffman, Secretary Jim Krogstad and Treasurer Dan Martin. They will be joined in leading this organization by newly elected board members, Jon Rauser, Chris Raymaker and Fred Wilmsen.

Check out the new website, [eWAHU.org](http://eWAHU.org) to find out the latest on all of the events.

And finally, thanks again to all of you for helping to INSURE FREEDOM!

James S. Vogel  
WAHU President 2001

## Thank your sponsors for thier support of WAHU:

### Platinum:

Associates for Health Care, Inc.  
Blue Cross & Blue Shield United  
of Wisconsin  
Delta Dental Plan of Wisconsin  
Humana/Humana Dental  
MultiPlan/WPPN  
Wisconsin Physicians Service

### Gold:

eflexgroup.com  
Employee Benefits Cooperative  
Health Care Network of Wisconsin

### Silver:

Wausau Benefits

### Bronze:

American Medical Security  
H.E.P. Administrators, Inc.  
Midwest Security Insurance  
Companies  
Physician Plus Insurance  
Corporation  
Security Health Plan of  
Wisconsin, Inc.  
The Alliance  
Total Health Link  
Trustmark Insurance Company

### Laureate:

Don F. Jabas Associates  
Esser Insurance Services  
Phil J. Hausmann & Associates  
Mortenson, Matzelle & Meldrum,  
Inc.  
Professional Insurance  
Management, Inc.  
The Benefit Companies, Inc.  
The Rauser Agency, Inc.  
Valley Insurance Associates, Inc.

# WAHU goes local with meetings and CE

You can now participate in the Wisconsin Association of Health Underwriters (WAHU) without leaving home! Local associations are forming in West/Central Wisconsin, the Fox Valley, Madison and Southeastern Wisconsin.

WAHU will still hold state-wide meetings — an annual sales conference in the fall and a legislative day in February. Local organizations can meet at times of their choice. The kick-off begins with four local meetings and continuing education. WAHU President Jim Vogel and President-elect Ric Joyner will review the plans to begin an association in the four areas of the state. They want your feedback on how to proceed. (Additionally, they'll probably be looking for volunteers to serve on a local board and committees.)

*Continuing education goes local!* After the discussion of locals, WAHU offers a

continuing education course for two hours of credit on *MERPs: Practical uses for your clients*. MERPs are authorized by Section 105; professional firms use them to carve out benefits, and sole proprietors use them to hire spouses and equal the playing field for benefits with other employees. And the most exciting news is employers are looking for higher deductible health insurance and MERPs are an excellent vehicle. They're new! They're valuable! You can learn about them!

*Free for new members.* Anyone who joins WAHU and NAHU (our national association) at the meetings attends for free! Any current WAHU member who brings a new member (with a completed membership application and a payment for dues) also attends for free — that is a total value of \$110!

*Don't be late for CE.* The certification company for continuing education insists that participants are in the room when the presentation begins. We must shut the doors exactly on time!

*The agenda.* Use this opportunity to get involved, get two CE credits and quickly get back to the office.

## Appleton, Eau Claire, and Racine

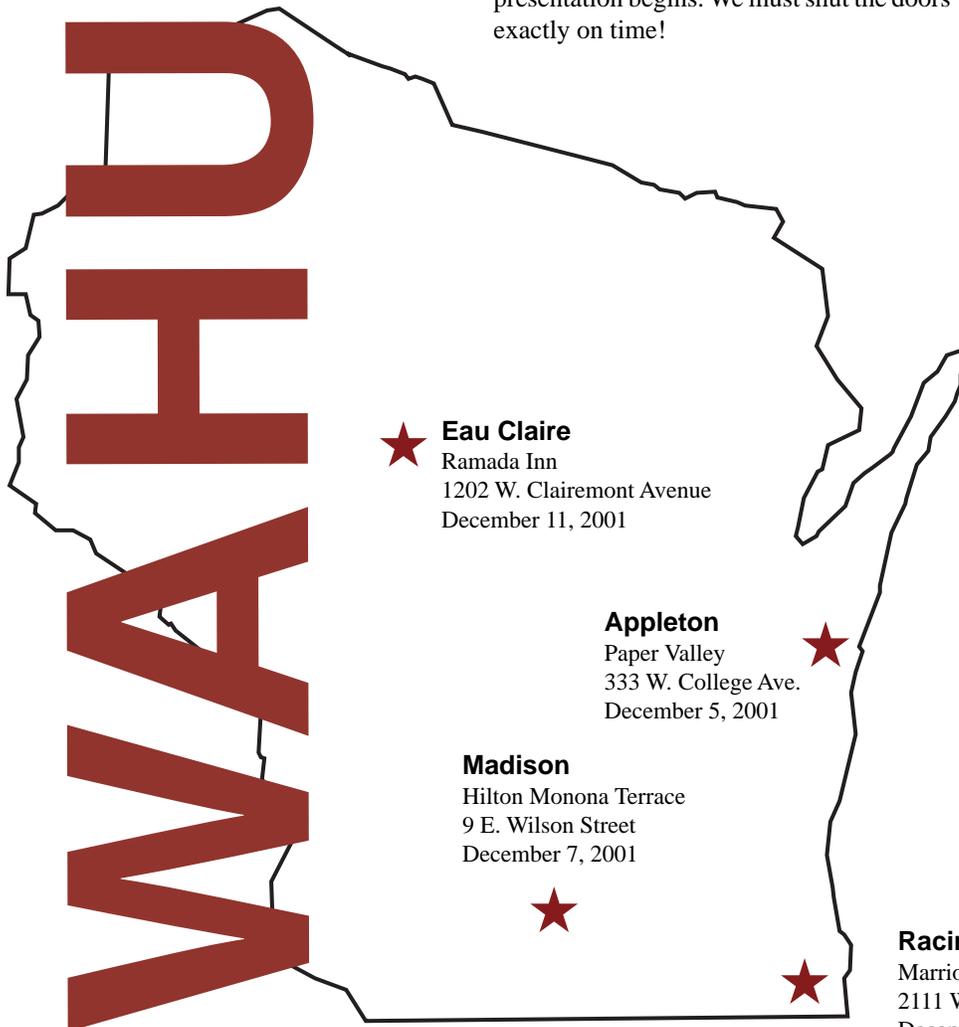
- 8:15 Registration & breakfast buffet
- 8:30 Introduction to WAHU & local options  
Report on legislative topics  
Toys for Tots
- 9:15 Continuing education registration
- 9:30-11:20 *Medical Expense Reimbursement Plans (MERPs): Practical uses for your clients* (2 CE credits applied for)
- 11:20 Meeting adjourns

## Madison

- 7:30 Registration & breakfast buffet
- 7:45 Introduction to WAHU & local options  
Report on legislative topics  
Toys for Tots
- 8:30-8:45 Continuing education registration
- 8:45-10:30 *Medical Expense Reimbursement Plans (MERPs): Practical uses for your clients* (2 CE credits applied for)
- 10:30 Meeting adjourns

*Toys for Tots.* In the past WAHU members have generously supported Toys for Tots at our December meetings. With the change to local meetings this year, distribution of toys becomes difficult. Instead, please contribute to this worthy cause, by including a donation with your registration and send this directly to the WAHU offices.

*More information.* Call WAHU (608.268.0200), send an e-mail (caryl@eWAHU.org) or visit our Web site (<http://www.eWAHU.org>) to get more information about WAHU and our meetings.



★ **Eau Claire**  
Ramada Inn  
1202 W. Clairemont Avenue  
December 11, 2001

★ **Appleton**  
Paper Valley  
333 W. College Ave.  
December 5, 2001

★ **Madison**  
Hilton Monona Terrace  
9 E. Wilson Street  
December 7, 2001

★ **Racine**  
Marriott Hotel  
2111 W. Washington Ave.  
December 6, 2001

# WAHU MEETINGS & CONTINUING EDUCATION

Learn all about WAHU's plan to bring your association closer to you – the member. With the addition of local chapters, WAHU wants to get more members involved in our organization. These locals provide that opportunity.

Please take the time to volunteer to serve on the local board of directors or one of their committees. Your involvement in this association is critical to WAHU and our industry! We URGE you to contact the president of the local chapter nearest you and agree to serve. You can also help by registering to attend one of the December meetings.

West/Central Chapter  
 President Sue Nelson - 715-836-1320  
 sue.nelson@cobalt-corp.com

Madison Chapter  
 President Katie Beals - 608-850-4164  
 katiebeals@home.com

Fox Valley Chapter  
 President Laurie Kohls - 920-457-7333  
 laurie.kohls@dfjabas.com

Southeastern Chapter  
 President Jon Rauser - 414-276-2700  
 jon@therauseragency.com

----- Clip and return -----

## Registration

**REGISTRATION:**

	Breakfast & business meeting	Continuing education	Total	
<input type="checkbox"/> Appleton, December 5	\$25	\$30	\$55	\$ _____
<input type="checkbox"/> Racine, December 6	\$25	\$30	\$55	\$ _____
<input type="checkbox"/> Madison, December 7	\$25	\$30	\$55	\$ _____
<input type="checkbox"/> Eau Claire, December 11	\$25	\$30	\$55	\$ _____
<input type="checkbox"/> Toys for Tots - Please make a contribution				\$ _____
<b>TOTAL ENCLOSED</b>				\$ _____

**Cancellation Policies:**  
 A registrant may cancel for a full refund up to 72 hrs. prior to a CE program. The date of the post mark, e-mail or phone call of cancellation notification will determine if a refund is granted. After 72 hours. prior to the date of the program there will be no refund granted unless the program is canceled by WAHU.

Name (print) \_\_\_\_\_ E-mail \_\_\_\_\_

Agent license number (required for CE credit) \_\_\_\_\_

SSN (Required for CE credit) \_\_\_\_\_

Company \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Home Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Home Phone \_\_\_\_\_ Home E-mail \_\_\_\_\_

Payment method:  Check  Visa  MC

Card # \_\_\_\_\_ Expiration Date \_\_\_\_\_

Name on Card \_\_\_\_\_

Signature \_\_\_\_\_

If you need more information, contact WAHU at 608.268.0200 by phone or 608.241.7790 by fax or e-mail (caryl@ewahu.org.)  
 Make checks payable to and return to: WAHU, 2810 Crossroads Drive, 3000, Madison, WI 53718

## Rate Band Compression & The Small Employer Pool

The start up of the small employer pool continues to be a contentious issue at the Capitol. For months, the Private Employer Health Care Coverage Board (PEHCCB) has tried to get this program up and running. The legislature had originally hoped this plan would be operational by January 1, 2001. However, the board has struggled with issues such as finances and an unwillingness by vendors to actually bid on the administration of this plan.

The concerns raised by potential administrators ranged from having to underwrite participants to the requirement of holding the contracts with insurers. In response to this, the board attempted to obtain additional funding, as well as change some of the duties of the administrator. In March of this year, a bill was drafted to address some of these problems, particularly the funding issue. This bill, SB81, did receive bipartisan support but was bogged down during the budget process in May. The PEHCCB and the Department of Employee Trust Funds (ETF) spent time reviewing a similar program in California. The PEHCCB and ETF (which is the department charged with developing this program along with the PEHCCB) looked closely at the California plan and their market. In California, their pools publish their rates and do not underwrite the health risk of each participant. However, there is also a rate band restriction for all California insurers in the small group market of +/- 10%. This restriction allows the pool to be competitive without having to underwrite their participants.

The proponents of the small employer pool felt that in order for Wisconsin's pool to be successful, we needed to replicate the California market. Thus, a provision was introduced in the budget that provided a compression of Wisconsin's rating band from +/- 30%, down to +/- 10%, just like California. The provision also provided for even more funding for the plan, beyond what was asked for in SB81. As we have previously reported, this provision was vetoed by Governor McCallum.

There are now two bills that do, essentially, what this budget provision would have done

- restore the funding for this program and compress our rate bands in Wisconsin. One of those bills, AB543, compresses the rate band down to +/-15%. With such strong opposition to the budget provision, the supporters of AB543 hope that going to 15% won't attract as much opposition. The other bill is actually a substitute for SB81. In a Senate Substitute Amendment to SB81, the language calls for the same funding found in AB543, but takes the rate band compression down to +/-10%.

---

**“ . . . the negative consequence of this legislation will be much higher premiums for the majority of all small businesses.”**

---

On October 23<sup>rd</sup>, the Assembly Small Business Committee voted in favor of AB543 on a vote of 9-2. With a fiscal impact on our state's budget, there is no word whether AB543 will be referred to the Joint Committee on Finance. On this same date, the full Senate voted in favor of SB81 on a vote of 25-8. It is anticipated that in order to reach the floor of the Assembly, SB81 will have to go through the Assembly Committee on Health.

As we have indicated to you in our e-mail alerts and on our web site, WAHU has been opposed to both of these bills. Our position has been that while we support the concept of the small employer pool, we cannot support the compression of rate bands in Wisconsin. We enjoy a very healthy uninsured rate due to the competitive market place we are in. Rate band compression will certainly cause an increase in premiums for the vast majority of small businesses. Most insurers estimate that roughly 80% of existing employers would receive an increase, with only 20% or less receiving a decrease in premiums. The question isn't if employers will receive an increase, it is how high these premium increases will be. Some

carriers are estimating 10% or higher. With these increases in premium, we are also sure to see an increase in our uninsured rates in Wisconsin.

As many organizations can attest to, including the National Federation of Independent Businesses, our association has spent tremendous resources attempting to help small businesses with the large swings in insurance premiums. The Health Insurance Portability & Accountability Act (HIPAA – a federal regulation) provided consumers with needed protection when unhealthy groups attempted to purchase insurance. However, these large swings in premiums we experience now are the negative and unintended consequences of HIPAA. It is this very problem that the Health Underwriters have been working on for several years with our “Universal Application” project. Unfortunately, while AB543 will help with these large swings, the negative consequence of this legislation will be much higher premiums for the majority of all small businesses. We don't believe this is the result anyone is looking for.

We need to continue to work together to find viable solutions that help small businesses deal with the rising cost of health insurance. AB543 and SB81 are not viable solutions.

### **PPO's and Managed Care**

As we have previously reported, major changes have been made to Chapter 609, which is the managed care section in our Wisconsin statutes. These changes were made in a budget provision where all current statutory reference to “managed care plans” were changed to “defined network plans.” These changes were necessary in order to preserve PPO's in the marketplace. Without these changes, PPO's would have been treated as HMO's, and many of them would have been unable to comply with state law. The next phase of these changes will take place during the rule making process. With the changes in Chapter 609, the OCI will need to make changes to Ins. 9 of the administrative code.

*Continued on page 7*

## Legislative Notes

*Continued from page 6*

### Mental Health Parity

As we reported to you back in April of this year, mental health parity remains a hot issue in Madison. If you recall, the legislature in the last session took up this issue, but the bill stalled in committee. It surfaced again this past spring as SB 157. Under current law, a group health insurance policy that provides coverage of any inpatient hospital services must cover those services for the treatment of nervous

---

### **“Legislative insurance mandates drive up costs and remove employer/employee flexibility.”**

---

and mental disorders and alcoholism and other drug abuse problems in the minimum amount of the lesser of: 1) the expenses of 30 days of inpatient services; or 2) \$7,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$6,300 in equivalent benefits measured in services rendered.

If a group health insurance policy provides coverage of any outpatient hospital services, it must cover those services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of \$2,000 minus the applicable cost sharing under the policy or, if there is no cost sharing under the policy, \$1,800 in equivalent benefits measured in services rendered. This bill removes the specified minimum amounts of coverage that a group health insurance policy must provide for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems but retains the requirements with respect to providing the coverage. Except for group plans offered by limited service health organizations, the bill specifically applies the requirements to all types of group health benefit plans, including managed care plans, insurance plans offered by the state, and self-insured health plans of the state and municipalities.

On October 2<sup>nd</sup>, SB157 was passed out of the Senate Health Committee on a party line vote of 5 to 4. The full Senate took up the bill on October 16<sup>th</sup> and the bill passed by a

vote of 22 to 11. There is no word yet as to when the Assembly will take up the bill.

Another insurance mandate being considered by the legislature is a Contraceptive Mandate. SB128 would require every health insurance policy (called “disability insurance policy” in the statutes), including managed care plans and health care plans offered by the state, and every self-insured health plan of a school district, county, city, or village, to provide coverage for contraceptive articles and services if the policy or plan covers outpatient health care services, preventive treatments and services, or prescription drugs and devices. If you recall, this provision was also included in the state budget, but was stripped out during the Conference Committee. Similar to the rate band compression, since it was not included in the budget, this bill is again being debated.

The full Senate took up this bill on October 16<sup>th</sup> and passed it, mostly along party lines with a vote of 18 to 15. There is no word yet as to when the Assembly would take up this bill.

As with all insurance mandates, WAHU opposes both SB157 and SB128. WAHU believes that decisions regarding the benefit design of employee health care plans should be made in the marketplace, not in the Legislature. Employers should be free to purchase and design benefit packages best suited to the needs of their employees and should not be constrained by mandated benefits that individually may have legislative appeal.

Legislative insurance mandates drive up costs and remove employer/employee flexibility. Moreover, they remove choice. Mandates also only affect one-half of the insured market because self-insured plans are governed by federal law and are not subject to state regulation. While proponents of mandated health insurance benefits argue the increased costs associated with any one mandate are minimal, WAHU believes it is critical for legislators to understand that a mere 1% increase in the cost of a health insurance plan equals approximately a \$57 million increase in premium cost for Wisconsin employers purchasing commercial health insurance.

Benefit mandates have a direct negative impact on overall consumer access to health

care coverage. As mandated benefits increase premium costs, many small employers are unable to provide health insurance to their employees. Statistically, a 1% increase in premiums causes 200,000 to 400,000 people to drop their health insurance. As a result, mandated benefits have a disproportionately adverse affect on Wisconsin’s small, commercially insured employers and employees and on government self-insured plan consumers.

### News from Washington

Despite the tragedies from September and the ongoing threat of bio terrorism, business continues in D.C. According to our National Association of Health Underwriters (NAHU) legislative office, the House Energy and Commerce Committee approved HR 3046 on October 17. The bill would reform Medicare’s contracting system and provide regulatory relief to providers. Amendments to the bill may prevent it from moving through the full committee smoothly. This action complements similar action by the House Ways and Means Committee earlier this month and should expedite a vote by the House before the November recess.

Representative Nancy Johnson (R-CT), chair of the House Ways and Means Health Subcommittee, announced plans to move legislation that would increase payments to Medicare + Choice plans before the current session concludes. This announcement was made despite opposition from some Democratic members of the subcommittee who are opposed to any further encouragement or expansion of Medicare + Choice.

The Department of Health and Human Services (HHS) announced an increase in the rates for Medicare premiums in 2002. The deductible for Medicare Part A will increase 2.5 percent, from \$792 to \$812. Premiums for Part B, which pay for physician services, ambulatory care, and other services will increase by 8 percent to \$54 per month.

HHS recently launched an ad campaign to inform seniors about Medicare coverage and supplemental insurance policies. The campaign includes television commercials and a 24-hour, toll-free hotline for further information.

*Continued on page 8*

## Legislative Notes

*Continued from page 6*

The **National Conference of Insurance Legislators (NCOIL)** will hold its next meeting in Scottsdale, Arizona on November 15-18, 2001. Like the NAIC, NCOIL has changed the focus of its meeting to address the recent terrorist attacks and how they will impact the insurance industry. NCOIL will hold a special general session on Saturday, November 17, 2001 to discuss this issue in broad terms, and all of the NCOIL standing committees will review the specific effects of the attacks on their particular segments of the industry. Prior to the events of September 11, 2001, NCOIL had planned to discuss long-term care partnerships at length and also hold a public hearing on its mental health parity model act. NAHU had planned to offer comments on both of these issues, but it is unclear at this time if these matters will even be addressed. If so, NAHU still plans to offer comments, and Jessica Waltman, NAHU's Manager of State Health Policy, will be in attendance at the meeting.

### Mark your Calendars

Each winter, both WAHU and NAHU hold our respective "Legislative Days". For

WAHU, our "Day at the Hill" will be held on Wednesday, February 20<sup>th</sup> through Thursday, February 21<sup>st</sup>. This is one of the most important meetings for WAHU members to attend. During this meeting we get complete detailed information about the issues that affect our businesses, a chance to meet and get to know our state legislators, and an opportunity to do your part in helping educate our legislators on our industry. Please look for an e-mail alert and information coming soon on this important event.

Additionally, NAHU will hold their "Capitol Conference" from February 4<sup>th</sup> through February 6<sup>th</sup> in Washington, D.C. Please take a moment to review the information provided for by NAHU in your latest edition of HIU magazine. Otherwise, you can check out our web site and find the link to NAHU's Capitol Conference.

Dan Schwartzter, Executive VP  
Ann Blomquist Legislative Co-Chair  
Jacki Seversen Legislative Co-Chair

## eService through eWAHU

Eservice from WAHU got ezier with a new domain name at eWAHU.org. The site provides a wealth of information about the association and the health insurance industry. The main menu lists everything an agent could want to know:

- 2001 Officers and Board members;
- Public Relations Committee activities;
- State President's Message;
- Continuing Education classes;
- WAHU Forms;
- Regional Chapters;
- Corporate Sponsors;
- Resources & Links;
- Membership Memo;
- On-line membership renewal;
- Weekly Insurance Industry News;
- WAHU Bylaws;
- Legislative Updates;
- NAHU Operation Shout;
- Photo Highlights;
- Industry job postings.

E-mail will become the medium of choice for WAHU communications, especially updates on fast-paced legislative developments and meetings. Faxes (for Leg Alerts and registration forms) are now outdated technology.

Eservice. eWAHU. Efficient. Economical.

---

## PR committee seeks contributions for Toys for Tots

by Scott Winkel, Public Relations Committee Chair

Wow! What a year for the Public Relations Committee.

Thanks to each and every WAHU member who contributed to what we accomplished this year, all who contributed money and all who gave of their time. All told we raised close to \$5,000 so far for our charities which include Special Olympics, Breast Cancer Recovery, Second Harvest Food Bank and Toy's for Tots. I can tell you that the people who run these charities are truly grateful for the support of WAHU and its members.

Our attention now turns to Toys for Tots. In the past, during our December meetings, we have supported this charity by having Santa and his helpers collect toys and contributions. This year WAHU is

introducing chapters and having four different meetings around the state. Santa and his helpers cannot be at every meeting at once. However, they do not want to disappoint the needy children at Christmas time this year, so they are asking for your help.

Santa and his helpers are asking WAHU members to support Toys for Tots this year by sending a check payable to WAHU. Please send your contribution to WAHU's management offices, (2810 Crossroad Dr., Ste 3000, Madisin 53718) by December 7th, 2001. This money will be used by the Marines to buy toys.

WAHU will collect all the money received, and then divide 100% of these dollars between the three Toys for Tots regions in the state, sending each of these regions a check so toys can be purchased. Toys for

Tots can buy more toys per dollar than we can individually, and they can also better address specific needs in an area — such as more girls than boys.

As an alternative, when sending in your December meeting registration, there will be a box on the form to designate a contribution. In this way, you will be able to send an amount right along with the registration. 100% of this "extra" amount will be directed to Toys for Tots.

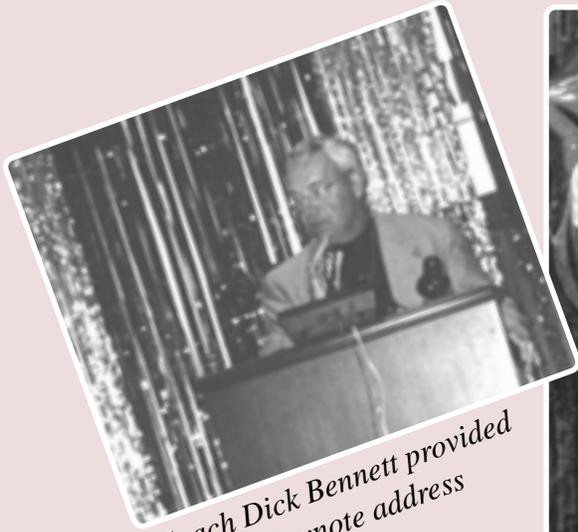
Please help Santa and his helpers make this year's Toys for Tots drive a success and keep the smiles on the children's faces again this year.

Best wishes to all this holiday season. Thanks again to everyone who came forward this year to contribute to WAHU charities. WAHU members really do make a difference!



*WAHU recognized  
corporate sponsors at  
the Awards Dinner at  
the Annual Meeting and  
Sales Conference  
in La Crosse*





*Coach Dick Bennett provided the keynote address*



*Cheryl De Mars presents "Better Choices, Better Health Care" for agents who attended the continuing education session in La Crosse*



*The Annual Meeting & Sales Conference also provided leisure activities.*



*Agents ate well at the Annual Meeting & Sales Conference.*



*Fred Wilmsen covers continuing education options.*



*WAHU members learned about new products & services in the exhibit hall.*



*President-elect Ric Joyner introduced CE Speaker Brian Anderson*



*The WAHU Board of Directors met in LaCrosse.*

# Make Plans Now to Attend Capitol Conference 2002

Health insurance agents wear a lot of hats and we'll be wearing our "concerned constituent" hats when we come to town to meet with lawmakers and discuss ways to make health care more affordable and easier to access.

NAHU members will make a difference on Capitol Hill next February 3-5. Capitol Conference will be held earlier than usual in 2002. Please be aware of early deadlines. 10% travel discount on American Airlines deadline: Monday, December 3, 2001. Early Bird registration deadline: Friday, December 21, 2001. Hotel reservation cut-off date: Saturday, January 6, 2002.

Members of NAHU care about health care. We're the agents and brokers on the front line of health care every day, helping millions of our friends and neighbors get the most from their health insurance.

We believe:

- Congress should provide a refundable tax credit to help people pay for health insurance
- Medicare should be totally reformed so it will be there when we need it
- Long-term care insurance premiums should be tax-deductible even if you don't itemize on your tax return

Most of all, we believe the most important patients' right is the right to affordable private health insurance.

## Transportation

American Airlines has been selected as the official airline of Capitol Conference 2002. American is offering a 5% discount off lowest applicable fares, as well as zone fares. As an added bonus, if you make your reservation 60 days in advance (by December 3, 2001), you can receive a 10% discount off the lowest applicable fare. Contact American Airlines Meeting Services Desk at 1-800-433-1790 and refer to Star File Number 8212AG to receive your discount.

## Hotel Accommodations

Capitol Conference is returning to the Capital Hilton Hotel, located at 16th & K Street, NW. You may make reservations by calling 1-800-445-8667 or 202-797-5820. Be sure to identify yourself as an NAHU Capitol Conference attendee to obtain the discount rate of \$180 single/\$205 double. Quoted rates do not include tax. Check-in time is 3:00 p.m. One night's deposit is required to guarantee your reservation. The reservation cut-off date is Saturday, January 6, 2002. Be sure to make your reservation early, because the hotel will offer the group rate only until our block of rooms is filled.

If you encounter any difficulty with room reservations, contact Kathleen Cochran at [Kcochran@nahu.org](mailto:Kcochran@nahu.org). As a consideration to your fellow NAHU members, please do not make hotel reservations until you are certain that you will attend. Every year, as many as 50 people make hotel reservations and subsequently cancel. This forces actual attendees to find alternative hotel accommodations unnecessarily.

## Leadership workshop (for 2002-2003 chapter leaders)

If you are a president-elect or other incoming chapter officer, make plans to attend the Leadership Workshop on Saturday, February 2nd, just prior to Capitol Conference. The first session from 12:30 until 1:45 p.m., is exclusively for 2002-2003 chapter presidents and presidents-elect. All chapter leaders are welcome to attend the second session, from 2:00 p.m. until 6:00 p.m. There is no registration fee to attend the Leadership Workshop, but you must register by January 25th. Please note that no lunch or refreshments will be served, and the hotel does not permit food or beverages purchased elsewhere to be brought into the meeting.

---

## Officers Election

One of the highlights of the Annual Conference in La Crosse was the annual election of officers by the membership. Each year, four officer positions (Secretary, Treasurer, Vice President and President-Elect) are selected by the membership, as well as three new members of the board of directors to serve full three year terms.

Not facing election, and continuing on the Board in 2002 will be Past President Jim Vogel, President Ric Joyner and board members Ann Blomquist, Jacki Seversen, Katie Beals, Sue Nelson, Dean Hoffman and Scott Winkel.

This year's officer elections saw the re-election of Secretary Jim Krogstad and Treasurer Dan Martin. Current VP Jeff Klett was elected President Elect, and will serve as president of WAHU in 2003. Dean

Hoffman will be leaving his board position to take the position of Vice President in addition to his role as Region V Membership Chairman.

The membership elected Jon Rauser, Chris Raymaker and Fred Wilmsen to fill the three open board positions. The election of Dean Hoffman to Vice President opened up a position on the board for next year. President Jim Vogel and President-Elect Ric Joyner agreed to appoint Karen Reynolds to that position as well as to the position of Wisconsin AHU membership chair.

These individuals will assume their new positions on January 1, 2002. Incoming President Ric Joyner will be working over the next few months to organize the board and committee assignments for the 2002 year. All volunteers are welcome!



*At the awards dinner the Robert C. Gilray Award went to JoAnn Burris in recognition of her long term dedication to the Health Underwriters as an officer, board member, legislative leader and national PAC board member. She received her award from President Jim Vogel.*

# Message from Madison

by State Rep. Phil Montgomery  
(R-Ashwaubenon), Chairman,  
Assembly Committee on Insurance



*State Rep. Phil Montgomery*

September 11<sup>th</sup>, 2001 has forever changed our nation. People are nervous to fly and even open their mail. Our sense of safety has been shaken as we try our best to get on with our daily lives—these are truly unsettling times.

The terrorist attacks of September 11<sup>th</sup> have raised questions about a number of areas in American life, and the insurance industry is no exception:

- How much will the attacks cost?
- How will this affect my premiums?
- Does my policy cover this?

The property and casualty insurance industry is responding to the devastation of September 11<sup>th</sup> with unprecedented financial resources and a strong sense of national pride and responsibility. While insured losses are estimated to be in the \$30 billion to \$40 billion range and could go higher, early reports suggest that the industry will be able to absorb them. However, a subsequent event of like size would almost certainly result in major insolvencies and cause serious market disruptions, threatening the stability of the insurance industry and the American economy.

As Chair of the Assembly Insurance Committee, I have had several opportunities to attend and participate in discussions recently about the effect these tragic events have had on the industry. It is especially pertinent to the property and casualty insurance industry.

As part of the 2001 Assembly Winter Agenda, the Committee on Insurance will hold an informational hearing to understand and evaluate the insurance industry's response to catastrophes, including the events of September 11<sup>th</sup>. The hearing will take place on Wednesday, December 5<sup>th</sup>. Wisconsin Commissioner of Insurance Connie O'Connell will join us and offer her perspectives on the financial impact of the terrorist attacks, policy exclusions, and how insurers respond to crisis.

Since the attack, the main issues have been from a global perspective. However, this topic has broader policy implications that trickle down to the states and their industries. To address this broad scope, the agenda includes discussions from a global perspective down to the Wisconsin domestic industry. We will have invited testimony from Northern Mutual, American Family Insurance, and State Farm.

On a national note, I plan to work with other state legislators in developing strategies. The month of November includes a meeting of the National Conference of Insurance Legislators (NCOIL) held November 15 through 18 in Scottsdale, Arizona. On the agenda are scheduled meetings to discuss how the attacks affected the insurance industry.

In these unsettling times, we must join together and support our nation and its industries. The good that has come out of this tragic event is that the nation is more joined than ever before. Our flags are flying proud and we have come together as a unified nation. We have rediscovered our love of America. Wisconsin can be especially proud of itself. We lead the nation in donations to the victims and their families.

# Privacy Initiatives

*Information provided by NAHU*

Today in the Internet age, where people can access information concerning just about anything with just a click of a button or mouse, naturally many people are worried about maintaining their privacy. The confidentiality of medical and financial information is of concern to many people, including both state and federal policymakers.

The federal Health Insurance Portability and Accountability Act of 1996 and the federal Financial Services Modernization Act of 1999 are examples of recent federal measures that delve into privacy issues as they relate to insurance coverage. Furthermore, on December 28, 2000, the federal Department of Health and Human Services (DHHS) issued the final regulation concerning the privacy of individually identifiable health information. This regulation went into effect on April 14, 2001 (with a compliance date of April 14, 2003, for most businesses and on April 14, 2004, for those entities defined as small businesses).

On February 28, 2001, DHHS Secretary Tommy Thompson called for a new comment period on the final rule. The Bush Administration has indicated that they will modify some sections of the regulation based on information gleaned from the last comment period, but DHHS has neither disclosed nor decided what changes will be addressed. We are awaiting a Notice of Proposed Rule Making, which will allow NAHU to again comment at the appropriate time.

Despite NAHU and our coalition members' objections to expending resources on guidance instead of preparing a new Notice of Proposed Rule Making (NPRM), the Office of Civil Rights (OCR) issued its first guidance on the regulation on July 6, 2001. Already the OCR has acknowledged a mistake on page 12 of the document in regard to the consent requirement and plans to issue a correction soon.

The section on consent states in part that (italics added for emphasis), "...a health plan seeking payment for a particular service from a second health plan, such as  
*Continued on page 16*

## WAHU officers and board 2002

### President

Ric Joynner  
W: 608-243-8277  
F: 608-245-9342  
rj@eflexgroup.com

### President Elect

Jeffrey W. Klett, RHU, REBC  
W: 608-365-5551  
F: 608-365-1432  
jklett@tricornet.com

### Vice President

Dean Hoffman  
W: 262-792-1350  
F: 262-792-1366  
dean.hoffman@trustmarkins.com

### Secretary

Jim Krogstad  
W: 608-288-2777  
F: 608-273-8873  
jimk@mmmins.com

### Treasurer

Daniel Martin  
W: 608-243-8277  
F: 608-245-9342  
dm@eflexgroup.com

### Past President

Jim Vogel  
W: 715-223-0890  
F: 715-223-8590  
hbgwi@aol.com

### BOARD MEMBERS

Jackie Seversen  
W: 608-754-3336  
F: 608-754-5609  
jseversen@inwave.com

Ann Blomquist  
W: 262-879-0100.3047  
F: 262-879-876  
ann.blomquist@emergis.com

Jon Rauser  
W: 414-276-2700  
F: 414-276-7730  
jon@therauseragency.com

Scott Winkel  
W: 262-650-1442  
F: 262-650-3159  
winfingrp@aol.com

Fred Wilmsen  
W: 920-735-6380  
F: 920-735-6390  
fwilmsen@wpsic.com

Sue Nelson  
W: 715-836-1320  
F: 715-836-1299  
sue.nelson@cobalt-corp.com

Kathryn Beals  
W: 608-850-4164  
F: 920-739-1266  
kbeals@totalhealthlink.org

Chris Raymaker  
W: 800-542-6642 X840  
F: 608-783-8585  
craymaker@midwestsecurity.com

Karen Reynolds  
W: 262-785-7812  
F: 262-785-7813  
karen.reynolds@cobalt-corp.com

## You can make a difference in membership!

by Dean Hoffman,  
Technology Chair



A few years ago when I volunteered to join the WAHU Board of Directors, the first thing I considered was its Bylaws. It was the WAHU mission statement that caught my attention. Since that time and whenever issues are raised at the Board, I look to it to see if my vote is in line with that of our mission:

*The mission of the Wisconsin Association of Health Underwriters is to promote and sustain a knowledgeable and professional membership and successful business environment for those engaged in*

*disability and health risk management; to further the enhancement of the their professional skills and services which will foster a greater financial security and independence of the consuming public.*

Being a member of WAHU does make a difference to your industry and to you personally. It is important that this professional organization have steady membership growth. Everyone in WAHU has done an outstanding job of recruiting new members this past year; we are nearly 500 members strong. We need to continue this effort and let other professionals know the true worth of WAHU membership.

As you review your WAHU web site (<http://www.eWAHU.org>), you will notice that it too has grown over the last year, becoming an excellent resource for members and a great recruitment tool for potential members. There are many new sections on the site to include *Weekly Insurance News*, *Industry Job Postings*, and *Industry Links*. The *Legislative Updates* section keeps you current on state and federal issues that can affect your customers and your business. It also includes direct links to NAHU's

*Operation Shout*, an electronic portal to your state and federal legislators. You will also find direct links to *corporate sponsors*, a section on *Public Relations*, and a complete copy of the *Bylaws* for potential members to consider. You can even renew your membership on-line. The *Meeting Highlights* section is a must see! It is a collection of photos taken at recent WAHU or NAHU meetings. The next time you see someone with a camera, smile, the photo may show up in this section.

There are many challenges yet to come and we need to be prepared for the continuing battles between maintaining the private marketplace and the incremental takeover by the public sector.

Make a difference by sponsoring a new member. Direct them to the web site to learn more about WAHU and show your new member a membership application. [You can make a difference!](#)

I thank everyone for their help in membership growth and ask that they contact our new membership chair, Karen Reynolds at 262-785-7812 or at [karen.reynolds@cobalt-corp.com](mailto:karen.reynolds@cobalt-corp.com)

## WHY JOIN ?

### WISCONSIN ASSOCIATION OF HEALTH UNDERWRITERS

Without a fully unified private health/disability insurance industry, the chance of maintaining private sector insurance delivery is greatly diminished! We have all seen government attempts to take over health care delivery as we know it. There is little doubt that such proposals will continue to surface in the years to come. The survival of competitive individual sales of private health/disability depends on each member's strong affiliation, strong positive image, and representation before the public and public officials. Providing a unified message to all these opinion leaders is essential and best done by your association. WAHU is dedicated to helping each member control their destiny and that of their profession.

## The mission is...

**COMMUNICATIONS** Communicating to the members and to the public are both important activities of WAHU. Our regular member mailings, legi-fax, and our quarterly newsletter, WAHU NEWS, keep you abreast of current industry trends, issues, and legislative activities. We also provide the media with current information on our industry so that they can better inform the public about our industry and the important role we play in the delivery of health and disability coverage.

**NETWORKING** Through regularly scheduled Quarterly Sales Meetings, and the Annual Sales Conference-Trade Show, WAHU presents agents and companies the opportunity to come together for informational programs as well as the chance to network with one another. Our annual convention allows attendees to interact with their colleagues and companies in business, educational, informational, and social settings.

**EDUCATION** WAHU offers a wide variety of top quality continuing education programs throughout the state year round, at extremely competitive prices. All courses are submitted for approval to meet the annual state continuing education requirements in order to maintain your health/disability license.

**POLITICAL ACTION** WAHU represents you and all of its members with one unified voice. On-going legislative and agency lobbying is a top priority of our association, and is designed to educate those who regulate and control the destiny of your industry.

**NATIONAL AFFILIATION** When you join WAHU, you also become part of NAHU (National Association of Health Underwriters). NAHU provides nationally the same representation WAHU does on the state level... plus a monthly magazine, informational mailings, meetings, seminars, and conferences.

---

## Membership Application

### BUSINESS

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Company: \_\_\_\_\_

Social Security #: \_\_\_\_\_

Agent License Number: \_\_\_\_\_

### HOME

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Sponsor Name: Dean M. Hoffman

Method of Payment:  Check  MasterCard  Visa

Card#: \_\_\_\_\_ Exp. \_\_\_\_\_

Signature \_\_\_\_\_

### Dues Information

NAHU portion of dues \$ 125.00

State portion of dues \$ 65.00

**Total Amount Due \$ 190.00 (Through 12/31/01, After 1/1/02, dues will increase to \$200.00.)**

**If paying by check, make your check payable to NAHU for total amount of dues.**

Wisconsin Association of  
Health Underwriters  
2810 Crossroads Dr., Ste. 3000  
Madison, WI 53718

Prsrt Std  
US POSTAGE  
PAID  
MADISON, WI  
PERMIT NO. 1

## Privacy Initiatives

*Continued from page 13*

*in coordination of benefits or secondary payer situations, may need PHI from a physician who rendered the health care services. In this case, the provider typically has been paid, and the transaction is between the plans. Since the provider's disclosure is for the TPO purposes of the plan, it would not be covered by the provider's consent. Rather, an authorization, and not a consent, would be the proper document for the plan to use when requesting such a disclosure."* Requiring additional authorizations for COB transactions would be unworkable and HHS staff has indicated that the guidance is "incorrect". **In fact, no additional authorization would be required to conduct COB, even if the health plan needed to obtain more information from the patient's provider.**

Our concern about significant mistakes such as this in the guidance was just one of the reasons for our objections. The 52-page document is only the first of a series of guidances the OCR intends to issue.

DHHS has not revealed whether or not

matters that are clarified under the guidance will be dealt with again in the new NPRM. HHS has indicated, however, that it intends to propose modification to the Regulation to address direct treatment providers' concern that the written consent requirement would interfere with the efficient delivery of health care where an individual's first contact with a provider does not occur in person (e.g., where a physician calls in a prescription to a pharmacy the individual has not used previously or where a hospital to which the individual has been referred must schedule a surgery).

### Gramm-Leach-Bliley Act (GLBA)

Perhaps the most pressing privacy issue for health insurance agents and brokers right now is compliance with state-level privacy requirements that stem from Title V of the federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act; GLBA).

GLBA, which was signed by President Clinton on November 12, 1999, establishes requirements designed to protect the privacy of consumers' nonpublic personal financial information. These requirements apply to all licensed individuals and entities that are part

of the financial services industry, which includes the business of insurance and licensed insurance agents and brokers. The law charges the different regulatory authorities for the various aspects of the financial services industry with enforcing these rules, and establishes that the GLBA requirements are only a "federal floor" and the enforcement entities are authorized to establish more stringent protections. In the case of the insurance industry, the individual state governments are the regulatory authority, and while efforts were made to keep the state-level measures uniform, the states have been developing compliance measures that are all over the map.

To help our members comply with the state-level financial privacy requirements, the NAHU Education Foundation developed the Financial Privacy Requirements Compliance Guide, which is available free to NAHU members. This guide is the only compliance book written specifically for health insurance producers, and is also the only producer guide that offers state-specific compliance advice. Non-members can purchase electronic access to the guide for \$125.00, and they can also purchase a paper copy for \$150.00.